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UNITED STATES BANKRUPTCY COURT

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SOUTHERN DISTRICT OF NEW YORK

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In re:

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) Chapter 11

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LEHMAN BROTHERS

) Case No. 08-13555 (JMP)

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HOLDINGS, INC., et al.,

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)

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Debtors.

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HIGHLY CONFIDENTIAL DEPOSITION OF

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ALASTAIR BLACKWELL

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New York, New York

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Friday, August 7, 2009

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Reported by:

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KRISTIN KOCH, RPR, RMR, CRR, CLR

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JOB NO. 24037

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August 7, 2009

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9:21 a.m.

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Deposition of ALASTAIR BLACKWELL,

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held at the offices of JONES DAY, LLP, 222

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East 41st Street, New York, New York,

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before Kristin Koch, a Registered

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Professional Reporter, Registered Merit

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Reporter, Certified Realtime Reporter,

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Certified Livenote Reporter and Notary

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Public of the State of New York.

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2 A. Understood.

3 Q. As we go, I am going to be asking
4 you a series of questions. You are under oath,
5 so you will answer the questions. At some
6 points in time you will hear your counsel state
7 an objection. That doesn't mean you don't have
8 to answer the question. That just means he is
9 either preserving the record or he wants to ask
10 me to clarify the question. If he instructs
11 you not to answer, that's up to you as well,
12 but the mere fact that he makes an objection
13 doesn't mean you don't have to answer the
14 question.

15 In that vein, I'd like to ask you
16 just please ask me to clarify any question
17 where I might misuse an acronym or a word. I
18 feel like I am learning a new language here
19 reading all you folks' e-mail, so I know there
20 is technical financial words that you guys use
21 and you understand readily, but if you need me
22 to clarify one, I want to have a clear question
23 so you can answer it.

24 I think your counsel has probably
25 told you, but you have been designated as a

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2 30(b)(6) witness for a select set of issues in
3 this case and those issues relate to Schedules
4 A and B of the Clarification Letter. We will
5 get to that later, but I just want to let you
6 know that, and that I will alert you to that
7 fact when we get to that portion of the
8 deposition, so in that portion you will be
9 speaking on behalf of Barclays.

10 So I am ready to proceed if you are.

11 Are we ready to do this?

12 A. Absolutely, yes. Thank you.

13 Q. Can we start off with a little
14 background information about you.

15 You are currently employed by
16 Barclays Capital; correct?

17 A. I am, yes.

18 Q. And what is your present position?

19 A. I am responsible for the Americas
20 operations department for capital markets.

21 Q. Okay. And do you have a title?

22 A. I am a managing director.

23 Q. When did you start your employment
24 at Barclays?

25 A. I received a contract after

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2 bankruptcy, I don't know exactly when I signed
3 that, but it would have been, I think, two
4 weeks after bankruptcy that I signed a contract
5 to join Barclays. I wasn't one of those people
6 that received an e-mail and clicked off on it,
7 for instance.

8 Q. Okay. When did you -- that's the
9 contract, we will get to that in a second, but
10 when did you consider yourself a Barclays
11 employee?

12 A. Post bankruptcy.

13 Q. Was it upon the closing of the sale
14 transaction?

15 A. I would think so, yes.

16 Q. And just as we go forward, if I
17 refer to the sale transaction, can we agree
18 that that will be the transaction that closed
19 on the 22nd of September 2008 whereby certain
20 assets were transferred to Barclays? Can we
21 agree on that?

22 A. What time is that?

23 Q. I don't know the time.

24 A. Midnight from that day.

25 Q. Okay. So is it fair to say after

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2 MR. HINE: Let's mark this as an
3 exhibit.

4 (Exhibit 81 B, Debtors' Second Rule
5 30(b)(6) Deposition Notice to Barclays on
6 Issues Relating to the Transfer of Assets,
7 marked for identification.)

8 Q. Mr. Blackwell, I am handing you a
9 copy of Exhibit 81 B, which is a copy of the
10 Debtors' Second Rule 30(b)(6) Deposition Notice
11 to Barclays on Issues Relating to the Transfer
12 of Assets.

13 My first question is have you ever
14 seen this document before?

15 A. In my discussions with Jonathan I
16 think I may have seen some portion --

17 MR. SHAW: We are not going to get
18 into the substance of those discussions.

19 Q. I don't want to ask you about a
20 privileged communication you might have had,
21 but can you please turn to Schedule A of that
22 document.

23 As I understand from Barclays, you
24 have been designated as a witness as to the
25 first two topics listed on that schedule, so

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2 could you just take a minute and just take a
3 look at those topics.

4 (Document review.)

5 A. Understood.

6 Q. Okay. You will see those topics
7 relate to Schedules A and B that we have talked
8 about previously in the deposition, so I just
9 want to spend a little time talking about those
10 two schedules.

11 Let's look at topic number 1. Were
12 you involved in the selection of the securities
13 that made their way into Schedule A?

14 MR. SHAW: Objection to form.

15 Q. Let me rephrase it.

16 Were you involved in the selection
17 of the securities that are listed in Schedule A
18 to the Clarification Letter?

19 A. I was involved in the transfer of
20 the Fed assets over to Barclays, so in terms of
21 selecting the assets, the selection was done as
22 I -- was done as I described, which was under
23 the terms of the repo agreement that was in
24 place between Lehman and Barclays at that time,
25 so eligible collateral is a component of that

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2 agreement and had been in place for some time.
3 So selection is done -- was done -- the assets
4 were put into the Fed repo. We know that there
5 were operational issues that I described in
6 terms of the assets changing because of the
7 settlement that took place at Chase, and then
8 there is also a subset of securities that
9 weren't eligible under the legal terms -- under
10 the commercial terms of the repo agreement
11 Barclays had in place with Lehman, which was
12 standard practice, that's why the Fed had
13 stepped in and provided liquidity to the whole
14 market with the PDCF, so poorer quality
15 collateral was funded by the Fed.

16 So it was clear based on the
17 schedules which securities fell outside of that
18 in terms of their quality. So yes, my team
19 worked with finance with the treasury team to
20 refine that list based on that requirement, and
21 in addition to that there were obviously some
22 substitutions that had to take place to make up
23 value, so my team worked again with finance and
24 the clearance teams to drive that -- to
25 finalize that list, but the list is a

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2 reflection of what moved.

3 MR. HINE: Okay. Let me go at it a
4 different way here. I have, unfortunately,
5 some hefty exhibits to pass to you.

6 (Exhibit 82 B, e-mail dated
7 September 20, 2008, Bates stamped BCI-CG
8 00035134, marked for identification.)

9 Q. Mr. Blackwell, I am handing you a
10 lengthy exhibit marked as 82 B, which is a
11 list -- it's a document Bates stamped BCI-CG
12 00035134 through 35954. I am not going to ask
13 you about the contents of this entire document,
14 but I would like to direct your attention, if
15 you could take a minute and look at the page --
16 first page after the e-mail cover, the covering
17 e-mail, which is marked with the Bates number
18 35138. Do you see that page?

19 A. Yes.

20 Q. Can you tell me whether -- you will
21 see in this page a little summary of different
22 classes of collateral and their market value.
23 Do you see that?

24 A. I do.

25 Q. Could you tell me whether this is

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2 the collateral that made its way into
3 Schedule A?

4 A. I would assume that it is, based on
5 the fact I provided the data to Paolo, but it's
6 Paolo's team that would have put this together,
7 so would have interpreted the valuations and
8 the content based on that.

9 Q. Do you know if the value of the
10 securities listed on Schedule A is what's
11 listed here under the column Market Value?

12 A. I don't know. It would be dependent
13 on how -- again, how -- I don't know how Paolo
14 ultimately put this together.

15 Q. And when you say "Paolo," you are
16 talking about Mr. Tonucci?

17 A. Yes.

18 Q. So it's his team that would do the
19 valuation of this schedule?

20 A. It's his team that created the
21 summary. Jim Hraska and my team, Monty
22 Forrest, helped create the data and pushed it
23 up to the treasury team for them to package.

24 Q. Now, did the list of securities that
25 ultimately were listed on Schedule A change